1	2
Pulses	0.4
Condiments & Spices	—17.9
Soaps Detergents	1.0
Household laundry soap	1.6
Toilet Soaps	0.0
Synthetic Detergents	0.0

(c) The factors that have operated during 1994-95 in fuelling the inflationary pressures are:— the spill over effects of the high fiscal deficit in 1993-94 and production short-falls in key commodities such as sugar, cotton, jute and groundnut causing short term supply imbalances. There was also cumulative impact of large increase in the minimum support prices continuously for the past three years resulting in higher primary product prices thus generating upward pressures on prices of wage goods. Another significant factors was the high growth of monetary variables owing to strong build up of foreign exchange reserves.

Restoration of Maximum interest rate of term deposits

6004. SHRI SUSHIL KUMAR SAMBHAJIRAO SHINDE :

SHRIMATI VEENA VERMA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has lately announced a number of measures, including, restoration of maximum term deposit rate to 12 per cent from 11 per cent with the object of containing inflation and encourage savings;

(b) how far the last reduction in term deposit rate had adversely affected the savings, by small depositers with Banks, during the interim period (giving comparative figures showing the rate of savings during the period preceeding and following such reduction in rates of interest on deposits; and

(c) what are the details of the other measures recently taken to contain and curb inflation, indicating the rationale and justification therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) As a part of the Credit policy for the first half of 1995-96 announced by Reserve Bank of India (RBI), the maximum term deposit rate has been raised from 'not exceeding 11.0 per cent per annum to 'not exceeding 12.0 per cent per annum effective from April, 18, 1995 with a view to ensuring that banks' term deposits remain attactive in the context of the prevailing inflation rate and also to ensure that banks are able to mobilise more term deposits to finance their lending operations out of their own resources.

(b) variations in the aggregate deposits of Scheduled Commercial Banks in periods preceding and following the charges in the maximum term deposit rates is given in the Statement (*See* below)

(c) The other salient features of the credit policy of RBI include introduction of a loan system for delivery of banks credit, reduction in credit to finance companies from banks/financial institutions, a ban on bridgeloans against public issues and changes in export credit refinance etc.

Statement

Changes in aggregate deposits scheduled commercial banks

(Rs. Crore)

During	Maximum Term Deposit interest Rate (% per annum)	Aggregate Deposits	Time Deposits	Demand Deposits
Oct. 1989-Oct. 1990	10.0	239.59	208.77	30.8
Oct. 1990-April 1991	11.0	158.80	126.94	31.86
April 1991-July 1991	12.0	64.50	41.16	23.34
July 1991-Oct. 1991	13.0	111.08	72.38	38.70
Oct. 1991-April 1992	13.0 ** @	210.74	144.93	65.81
April 1992-Oct. 1992	13.0	208.57	242.31	—33.74
Oct. 1992-March 1993	12.0	127.24	90.36	36.88
March 1993-Sept. 1993	11.0	178.35	191.63	— 13.28
Sept. 1993-Feb. 1995	10.0	765.74	563.14	202.59
Feb. 1995-April 1995	11.0	161,65	105.44	56.22
April 18, 1995	12.0	..	..	..

* Changes are Worked out based on the data as on the last reporting Fridays of the period.

** In October 1991 rates for shorter maturity terms deposites of 46 days to 2 Years and above were revised.

@ In April 1992 terms deposits of 46 days to 3 years and above were made subject to a single maximum rate prescription.